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August 31, 2012

TRC Solutions Project No. 192355

Mr. Gary Moore
U.S. EPA Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

**Re: Weekly Progress Report
Falcon Refinery Superfund Site
Ingleside, San Patricio County, Texas
TXD 086 278 058**

Dear Mr. Moore:

On behalf of Lazarus Texas Refinery I, LLC, (Lazarus), TRC Solutions (TRC) submits this Weekly Progress Report on the Removal Action Activities at the Falcon Refinery Federal Superfund Site to the United States Environmental Protection Agency for your review.

If you have any questions, comments, or concerns, please do not hesitate to contact me at (361) 522-1935.

Sincerely,
TRC

Alonzo G. Arredondo
Senior Geologist

Attachment: Weekly Progress Report
cc: Lazarus Texas Refinery I, LLC

WEEKLY PROGRESS REPORT - Falcon Refinery Federal Superfund Site, Ingleside, TX;

1. TASKS NECESSARY TO COMPLETE THE REMOVAL ACTION

<u>TASK</u>	<u>START</u>	<u>EST. COMP DATE</u>
Butane Tank This tank contains less than one gallon of sludge. The tank will be cleaned. The sludge will be disposed of appropriately and the tank will be inspected.	1/18/12	8/24/12 9/14/02
Tank 12 The damaged roof will be removed, Oil/sludge will be removed and disposed. The tank will be cleaned and repaired for temporary use to treat water from frac tanks, Tank 30 and Tank 26.	4/30/12	Completed 5/21/12
The floor in this tank will be repaired to meet API 653 code specifications.	8/30/12	Completed 5/30/12 9/30/12
The roof in this tank will be repaired to meet API 553 code specifications.	8/30/12	9/30/12
Remove contaminated soils from the soils underneath the tank should inspection reveal any deterioration or failure of the tank bottom allowing any materials to leak to those soils.	8/30/12	9/30/12
Tank 7 The damaged roof will be removed. Oil/sludge will be removed and disposed. The tank will be cleaned and inspected (API 653).	2/16/12	7/15/12
Remove contaminated soils from the soils underneath the tank should inspection reveal any deterioration or failure of the tank bottom allowing any materials to leak to those soils.	7/30/12	8/24/12 9/21/12
Tank 30 The damaged roof in this tank will be removed, oil/sludge will be removed and disposed and the tank will be repaired for temporary use to store treated water from Tank 12.	5/14/12	6/23/12 7/27/12
The floor in this tank will be repaired to meet API 653 code specifications.	8/30/12	9/30/12 9/24/12
Remove contaminated soils from the soils underneath the tank should inspection reveal any deterioration or failure of the tank bottom allowing any materials to leak to those soils.	8/24/12	9/24/12
Tank 26 Because of the poor integrity of this tank, all liquids in Tank 26 will be transferred to Tank 12 for treatment of water via water treatment system and land applied in accordance with land disposal wastewater treatment criteria and additional criteria established by the TCEQ.	7/15/12	9/30/12
Removal and disposal of tank sludge.	8/30/12	9/14/12

Cleaning and demolition of tank.	9/17/12	9/21/12
Remove contaminated soils from the soils underneath the tank should inspection reveal any deterioration or failure of the tank bottom allowing any materials to leak to those soils.	9/24/12	10/26/12
Water Treatment System		
A water treatment system capable of treating contaminated water to meet the land disposal restrictions and the criteria set up by TCEQ will be constructed with the appropriate irrigation field as approved by TCEQ. According to TCEQ, irrigation is only allowed from April 1 – August 30 (the growing season).	4/16/12	8/30/12

2. PROJECT ACTIVITIES COMPLETED THIS REPORTING PERIOD (AUGUST 27 - 31, 2012)

The following activities were conducted this week:

- Transferred water from Tank 26 into an open tank.
- Transferred water and oil from an open tank into Tank 30.
- Lazarus cleaned frac tanks and conducted housekeeping at the site.

3. ACTIVITIES PLANNED FOR NEXT WEEK (SEPTEMBER 4 - 7, 2012)

- Butane tank is scheduled for cleaning.
- Continue transferring water from Tank 26 to the open tank for treatment.
- Transfer oil from the open tank into Tank 30.
- Clarifier will be combined with the water that is transferred from Tank 26 into Tank 12 as part of the water treatment.
- Begin treatment of water in Tank 12 with activated carbon.
- Transfer sludge from a frac tank into Tank 30.
- Shaker screens for Tank 30 will be delivered to the site.
- Continue general housekeeping activities at the site clearing brush and maintaining firewalls.

4. ACTIVITIES PLANNED FOR WEEK FOLLOWING (SEPTEMBER 10 - 14, 2012)

- Continue transferring water from Tank 26 and treating water in Tank 12.

- Maintain a sealed dumpster at the site to collect the asbestos and debris north of Process Area #1.
- Lazarus expects to increase staffing to 18 employees.
- Oil from Tank 30 will be processed through the shaker screens.
- Process water from Tank 26 to 12, and pending TCEQ approval, irrigate native grasses.

5. ISSUES ENCOUNTERED

- A spill occurred on June 28, 2012 when a driver operating a Superior Crude Gathering truck caused a rupture at the end of a pipeline. The line released crude petroleum product on the ground surface. The spill was photographed by TRC and was mitigated by Superior's site workers on June 28-29, 2012. Lazarus was notified approximately 15 minutes after the incident. Lazarus subsequently contacted the Texas Spill Center to notify the state agency of the release at the site. Mr. David Smith of the Corpus Christi District of the Texas Railroad Commission arrived at the site on June 29, 2012. Mr. Smith documented the spill and provided a directive to Superior Crude Gathering Co to remediate the release. On June 29, 2012 Superior removed the free liquids from the surface and had stockpiled some of the affected soils into an area that was lined with plastic and surrounded with berms. Later that afternoon Superior continued to remove affected soil from a ditch located west of the Tank 15 berm. On July 13, 2012 the site was inspected and photographed. The excavated material was moved to an area east of the green tanks used by Superior Crude Gathering Co. The soil is within a plastic lined soil berm.
- Sampled insulation in several areas north of Process Area #1 of the Falcon Refinery and identified asbestos in one area. Notification was provided to TDSHS on August 6, 2012 that remedial activities will be implemented (no less than 10 working days from initial notification). Access to the affected area has been restricted and the material has been contained. The asbestos containing material will be managed by a licensed asbestos abatement contractor and sent to a facility that has been approved to accept CERCLA waste.
- The sludge currently in Tank 30 is an asphaltic based material. An extensive study by Lazarus has proven that the addition of an aromatic and kerosene component will reduce viscosity and enable the pumping/removal of the sludge material from the tank. Lazarus will postpone cleaning/shearing roof from Tank 30 due to the difficulty in removing sludge/residue from the roof material. Oil and water from Tanks 26 and 30 will be mixed in Tank 30 and passed through screens then collected and maintained in 500 bbl above ground storage tanks. Shearing of the roof in Tank 30 will resume after liquids have been removed from Tank 30.

6. WORKERS ON-SITE THIS PERIOD

Personnel	Period	Task / Subtask
LAZARUS		
Murphy Hunt, Project Manager	Aug 27 - 30, 2012	Oversight / issuance of work permits.
Melton Harrigan, Operation Superintendent	Aug 27 - 30, 2012	Oversight / issuance of work permits.
Everardo Saavedra, Team Leader	Aug 27 - 30, 2012	Clean frac tanks & transfer water.
Miguel Castillo, Site Worker	Aug 27 - 30, 2012	Clean frac tanks & transfer water.
Sonny Tamayo, Site Worker	Aug 27 - 30, 2012	Clean frac tanks & transfer water.
Jose Galvan, Site Worker	Aug 27 - 30, 2012	Clean frac tanks & transfer water.
Christian Suscaita, Site Worker	Aug 27 - 30, 2012	Clean frac tanks & transfer water.
TRC Environmental Corporation		
Alonzo G. Arredondo, Senior Geologist	Aug 28 & 30, 2012	Inspection of site.